



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER JOPLIN ATTORNEY INDICTED FOR DEFRAUDING CLIENTS CLOSE TO \$500,000

SPRINGFIELD, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a former Joplin, Mo., attorney was indicted by a federal grand jury today for defrauding his clients of more than \$500,000.

David Leon Taylor, 49, of Joplin, was charged in a seven-count indictment returned by a federal grand jury in Springfield. **Taylor** was an attorney at a Joplin law firm, until he was disbarred in 2002.

The law firm maintained a trust account at Webb City Bank in Webb City, Mo., Graves explained, which contained funds received by the law firm from various clients to be held in trust until the funds were disbursed to the particular clients who were entitled to receive the funds. Today's indictment alleges that **Taylor** illegally transferred more than \$262,000 from the trust fund to the law firm's operating accounts at other banks. The indictment also alleges that **Taylor** illegally misappropriated \$195,250 from the proceeds of an estate's annuities by converting the money to his own benefit rather than depositing the proceeds in the trust fund to be disbursed to the rightful heirs.

Reliable Automotive Fraud Scheme

Taylor allegedly took more than \$262,000 in proceeds from the sale of a Joplin automotive dealership, meant to be held in trust, converting them to his own use, from Feb. 1, 2001, to June 2004.

According to the indictment, John Buxbaum was the owner of Continental Auto Mall in Joplin from 1995 to 1999. The dealership included franchises to sell Chrysler, Volkswagen, Hyundai, Porsche and Toyota automobiles. Buxbaum agreed to sell Continental Auto Mall to Mark Hendren, a Joplin automobile dealer, in 1999, and Taylor represented Buxbaum. When

Porsche refused to approve the transfer of its franchise to Hendren, Buxbaum agreed to stay on and manage the Porsche franchise for Hendren until a buyer for the Porsche franchise could be found.

In February 2001, according to the indictment, Reliable Automotive, Inc., of Springfield, Mo., agreed to purchase the Porsche dealership for a total of \$316,610. On Feb. 12, 2001, Reliable Automotive deposited \$50,000 into the law firm's trust account as a down payment on the purchase of the franchise.

The indictment alleges that **Taylor** wrote three checks totaling \$26,900 that month, drawn on the trust account and deposited into the operating account at Webb City Bank.

On May 1, 2001, the closing on the sale of the Porsche franchise to Reliable Automotive occurred at **Taylor's** Joplin law office. Reliable Automotive agreed to pay the remaining balance of \$266,610, and a check for that amount was deposited into the trust account.

The indictment alleges that between May 4 and May 16, 2001, **Taylor** transferred approximately \$155,000 from the trust account to the firm's operating accounts at Webb city Bank and Firststar Bank in Joplin.

The indictment also alleges that **Taylor** used a business dispute between Hendren and Buxbaum as an excuse to delay remitting the trust account funds, and to lull Hendren into believing that the money was still in the trust account but that **Taylor** had a legitimate reason for not remitting the proceeds of the sale.

The indictment alleges that **Taylor** transferred \$25,934 from the trust account to the law firm's Firststar Bank operating account on May 29, 2001, where it was used to satisfy a loan on a 1999 Lincoln Navigator purchased by **Taylor**.

On July 17, 2001, Buxbaum – who by then was living in Westlake Village, Calif. – demanded that **Taylor** place the money received from Reliable Automotive into a market interest bearing account. **Taylor** assured Buxbaum that he would do so, the indictment says, but by this time **Taylor** had already transferred the Reliable proceeds into his law firm's operating accounts, where the money was converted to **Taylor's** benefit.

Counts One and Two of the federal indictment allege that **Taylor** mailed two letters to Hendren's attorney in May 2001 for the purpose of executing the scheme to defraud and to obtain money by means of false and fraudulent pretenses. Those letters, the indictment alleges, were intended to lull Hendren and his attorney into a false sense of security that the entire amount of proceeds from the Porsche franchise sale was still in the trust account, although **Taylor** had already misappropriated some of the proceeds to his own use.

Count Three of the federal indictment alleges that **Taylor** engaged in a monetary transaction on May 29, 2001, that involved the proceeds of a criminal offense – the two counts of mail fraud alleged in Counts One and Two – when he withdrew \$25,934 from the trust account to

satisfy the loan for a 1999 Lincoln Navigator.

Count Four of the federal indictment alleges that **Taylor** sent a facsimile from his Joplin law office to Buxbaum in California for the purpose of executing the scheme to defraud and to obtain money by means of false and fraudulent pretenses. In that facsimile, the indictment alleges, **Taylor** falsely and fraudulently assured Buxbaum that he would follow Buxbaum's previous instruction to transfer proceeds of the sale of a Porsche franchise from the trust account into a new bank account, when **Taylor** knew that these proceeds no longer existed in his law firm trust account because he had misappropriated the money.

Counts Five and Six of the federal indictment allege that **Taylor** mailed two letters to Hendren's attorney in August 2001 for the purpose of executing the scheme to defraud and to obtain money by means of false and fraudulent pretenses. Those letters, the indictment alleges, were intended to lull Hendren and his attorney into a false sense of security that the entire amount of proceeds from the Porsche franchise sale was still in the trust account, although **Taylor** had already misappropriated some of the proceeds to his own use.

Opal Oster Estate Annuities

Taylor allegedly misappropriated \$195,250 from the proceeds of two annuities that were supposed to be used to pay the expenses on an estate and the heirs of an estate.

According to the indictment, K. Leon Emery, a Vernon County, Mo., resident, hired **Taylor** in 2001 to set up trust accounts to contain the proceeds from two annuities held by his aunt, Opal L. Oster. **Taylor** set up the trust accounts and Emery, who held power of attorney over Oster's estate, was made executor. Following Oster's death in December 2001, Emery (following **Taylor's** advice) closed out the two annuities totaling \$581,686 – a \$466,636 annuity held through Trustmark Insurance Company and a \$115,050 annuity held through Equitable Life Insurance Company of Iowa.

According to the indictment, Emery met with **Taylor** at his Joplin law office on Oct. 29, 2002, and endorsed the Trustmark annuity check, giving it to **Taylor** for deposit in the trust account. **Taylor** gave Emery a \$384,523 check drawn on the trust account, which Emery used to pay off his late aunt's outstanding expenses. **Taylor** also wrote two more checks drawn on the trust account for the remaining balance of the Trustmark annuity for \$40,100 each to Emery and Mona McDowell (Emery's sister), who were entitled to split the proceeds from the annuities under the terms of Oster's will.

The indictment alleges that **Taylor** told Emery that he post-dated the checks for tax purposes, when in reality it was only to prevent them from immediately cashing the checks and drawing on the proceeds of the annuity that were supposed to be in the trust account.

On Jan. 14, 2003, **Taylor** received a \$115,050 check for the balance of the Equitable annuity and deposited it in a law firm operating account. On the same day, **Taylor** met with Emery and gave him three checks drawn on the trust account – an \$82,050 check made payable

to the Opal L. Oster Trust and two \$16,600 checks made payable to Emery and McDowell.

The indictment alleges that **Taylor** again told Emery that he post-dated the checks for tax purposes, when in reality it was only to prevent them from immediately cashing the checks and drawing on the proceeds of the annuity that were supposed to be in the trust account.

According to the indictment, when Emery tried to deposit one of the checks, it was twice returned for insufficient funds. The indictment alleges that **Taylor** assured Emery he would correct the problem, though by this time **Taylor** had misappropriated the proceeds from the annuities by converting them to his own benefit.

Count Seven of the federal indictment alleges that Emery, who was in the state of Nevada, called **Taylor** via cell phone on March 6, 2003, for the purpose of executing the scheme to defraud and to obtain money by means of false and fraudulent pretenses. In that telephone conversation, the indictment alleges, **Taylor** falsely and fraudulently told Emery not to be concerned that a check written on **Taylor's** law firm trust account – which was supposed to represent proceeds being held in trust for Emery – was returned for insufficient funds when **Taylor** knew the funds no longer existed in the trust account because he had misappropriated them.

Graves cautioned that the charges contained in the indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorney D. Michael Green. It was investigated by the Federal Bureau of Investigation and the Internal Revenue Service.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow